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S E C R E T SECTION 01 OF 02 ABU DHABI 000479

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TREASURY FOR U/S LEVEY, A/S POBRIEN, DAS DGLASER, ACURTIS
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TAGS: [PREL](#) [KTFN](#) [ECON](#) [PTER](#) [IR](#) [AE](#)

SUBJECT: TREASURY U/S LEVEY DISCUSSES WITH FOREIGN MINISTER
ABDULLAH BIN ZAYED WAYS THE UAE CAN APPLY PRESSURE ON IRAN

REF: A. 06 ABU DHABI 2080

[1](#)B. 06 ABU DHABI 4473

Classified By: Ambassador Michele J. Sison, for reasons 1.4 b and d.

[1](#)1. (S) Summary. On March 6, 2007 Treasury U/S Levey met with UAE Foreign Minister Abdullah bin Zayed Al Nahyan (AbZ) to encourage the UAE to apply financial pressure to Iran. U/S Levey discussed Iran,s financing of terrorism, WMD proliferation and its deceptive financial practices. Levey emphasized that Iran is encountering financial problems due to international measures like UNSCR 1737 and key financial institutions reassessing their business dealings with Iran. Levey encouraged AbZ to use the UAE,s influence with financial managers handling the country,s significant wealth to quietly pressure Iran. AbZ replied that the UAE would 8try to implement 100 percent8 UNSCR 1737 as long as the UAE,s own security is not jeopardized. Levey warned AbZ about IRGC companies doing business in the UAE and encouraged full implementation of UNSCR 1737 to target those entities owned or controlled by the head of the IRGC, who is designated on the resolution,s annex. AbZ also stated that the Iran standoff would only be resolved if other Middle East crises were defused, thereby weakening Iran,s influence. AbZ also noted that despite public statements to the contrary, the Iranian leadership has a clear goal to obtain a nuclear bomb and a delivery system and that a number of GCC countries are frustrated with Iran but will not publicly admit it. End Summary.

[1](#)2. (S) On March 6, 2007 Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey met with Abdullah bin Zayed Al Nahyan (AbZ), UAE Minister of Foreign Affairs, to discuss ongoing international pressure against Iran and to encourage the UAE to exert financial pressure on Iran. U/S Levey detailed concerns about Iran and steps taken since their last meeting in April 2006 (Ref A). U/S Levey reiterated that the government of Iran is financing terrorist organizations, using its financial institutions to finance a nuclear weapons program, and engaging in deceptive financial practices to cover these activities. He highlighted the fact that UNSCR 1737 was passed unanimously and calls for action against specific Iranian entities and individuals as well as an injunction to freeze assets they own or control. U/S Levey noted that the USG has sanctioned two Iranian banks for their support of terrorism and Iran,s WMD program, Bank Saderat and Bank Sepah respectively. Finally, Levey discussed US efforts to encourage key financial institutions to re-assess the risk of doing business with Iran.

[1](#)3. (S) Levey noted that an important way to resolve the current crisis with Iran peacefully is by applying financial

pressure. He observed that Iran is not happy with current pressure from Europe and that if the international community acts quickly while Iran is off balance, greater impact will be achieved than if we wait until Iran is able to adjust to the sanctions. U/S Levey explained that the USG is very sensitive to the UAE,s position with respect to Iran, both its physical proximity and the strength of the historic, personal, business, and trade ties with Iran. He suggested that the UAE quietly use its influence among its international money managers to discourage them from doing business with Iran. (Note: In December 2006, U/S Levey encouraged Sheikh Ahmed bin Zayed Al Nahyan Managing Director of Abu Dhabi Investment Authority (ADIA) to take similar steps (Ref B). End note.) AbZ responded by asking whether U/S Levey had specific names of financial institutions that he wanted the UAEG to discourage from dealing with Iran. U/S Levey replied that the UAEG is in the best position to determine which financial institutions it has the most influence over (ie: we do not know which institutions the UAEG invests its money in). He noted that almost all key European financial institutions would be good candidates for such a discussion. AbZ warned that as the USG makes it more difficult for firms to deal in dollars with Iran, it will increase the incentive for the Europeans and Japanese to do business with it in other currencies. U/S Levey agreed and noted that this is one of the reasons that UAE outreach to European financial institutions could be helpful. He also noted that the tendency of financial institutions to cut off dollar business, while continuing business in other currencies, has only a temporary effect on Iran. AbZ opined that the UAE was perhaps not a good messenger⁸ for applying financial pressure on Iran because of the very high volume of trade between the two Gulf countries. U/S Levey responded that the UAE would have great influence as a

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messenger with these financial institutions because of the importance of its business, and that they would understand the sensitivities of the UAE,s position.

14. (S) AbZ stated that the importance of trade between the UAE and Iran also leaves the UAE in an extremely vulnerable position with regard to its much larger neighbor. However, the UAE would still &try to implement 100% UNSCR 1737,8 and would take additional steps so long as UAE security was not jeopardized. AbZ reiterated the importance of the USG recognizing the sensitivities of the UAE,s situation and asked that the USG use the UAE only as a very "last resort." U/S Levey expressed that he was sensitive to the UAE,s concerns and then suggested ways, under the auspices of the UNSCR 1737, to act effectively against Iran. For example, the annex to 1737 lists the head of the Iranian Islamic Revolutionary Guard Corps (IRGC) and requires that his assets be frozen. Therefore, all entities owned or controlled by the IRGC head should also be frozen. Levey noted that if any of the companies were operating in the UAE, it would be in the UAE,s best interest to take action against the companies. U/S Levey also suggested that due to increased pressure on Iranian banks and banking activities in Europe, there will be an incentive to move business elsewhere)-most likely to the UAE. Thus, it would be valuable and not confrontational to put Iranian banks, like Bank Saderat, under increased scrutiny in the UAE.

Weaken Iranian Influence by Solving Regional Crises

15. (S) U/S Levey concluded by asking AbZ what ideas he had about increasing pressure on Iran, since the UAE also felt the threat of Iran's nuclear ambitions. AbZ referred to regional crises, stating that there has to be a serious hope for resolution of the Palestinian problem, that the Syrians had to move out from &the Iranian wedge,8 that events had to start moving positively in Lebanon, and that there had to be improvements in Afghanistan as well as in Iraq. Until the Iranians see themselves losing influence and becoming weaker,

AbZ stated, they will not do anything: &You have to have the upper hand before they will work with you.8 AbZ also volunteered the following advice: &Don,t write this down, but the way to get to them is to get the price of oil down to \$20. They are an oil exporting country and that would really hurt them.8

Iranian-Saudi March 3 Meeting in Riyadh

¶16. (S) Ambassador queried AbZ on the outcome of the March 3 Iranian-Saudi summit in Riyadh. AbZ said that "no matter what you hear from any of the Iranian politicians," it,s all just to buy time: &If they can sell you bullshit, they will do it; they will mislead you in any way possible.8 He continued: &They have a clear nuclear goal; they want a bomb and they want a delivery system. Rafsanjani, Khamenei, Ahmadinejad *- they are all the same in this regard.8 AbZ also said that other members of the GCC are frustrated with Iran, but will not say so publicly.

¶17. (S) AbZ commented that many people in the UAE were worried about the growing Iranian influence in the region and in the UAE itself, indicating that there is a natural limit to what will be tolerated. According to AbZ, Emiratis "have not yet figured out the balance that needs to be struck, or what would be appropriate."

¶18. (U) U/S Levey was accompanied at his meeting with AbZ by Ambassador; Treasury Senior Advisor Amanda Curtis; NEA/IR Deputy Director for Iranian Affairs, Henry Wooster; Acting Director of the Treasury Office of Intelligence and Analysis,s Middle East Division, Michael Madon; OFAC Attache and PolOff.

¶19. (U) U/S Levey has cleared this message.
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